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Federal Communications Commission
Office of Secretary

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D. C. 20554

In the Matter of	)	96-262
	)	
Assessment of Presubscribed Interexchange	)	CCB/CPD No. 98-34
Carrier Charges on Public Payphone Lines	)	

COMMENTS

BellSouth Telecommunications, Inc. (BellSouth) submits these comments in response to the Commission's Public Notice in the above-referenced matter.[1] The Notice solicits comment on letters addressed to the Commission from certain operator service providers (OSPs), who allege a lack of clarity and/or uniformity in the application of presubscribed interexchange carrier charges (PICC) to public payphone lines.[2] Additionally, the Notice raises specific questions related to the assessment of PICC charges on public stations. These questions, and BellSouth's response thereto, are as follows:

* **Does the Commission's existing rule governing collection of the PICC, 47 C.F.R. Section 69.153, permit price cap LECs to impose PICC charges for LEC public payphone lines and, if not, whether the rule should be amended to provide explicitly for assessment of PICCs on public payphone lines?**

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[1] Commission Seeks Comment On Specific Questions Related To Assessment Of Presubscribed Interexchange Carrier Charges On Public Payphone Lines, *Public Notice*, CCB/CPD No. 98-34, DA 98-845, released May 4, 1998 (hereinafter "Notice").

[2] The Common Carrier Bureau has received correspondence from Teleconcepts Inc. (April 17, 1998); National Operator Services (April 22, 1998); ONCOR Operator Communications, Inc. (April 22, 1998); and Boston Telecommunications Company (April 22, 1998). The issues raised in these letters are restated in questions 2 through 6 of the Notice, to which BellSouth's comments are directed.

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Section 69.153 establishes the PICC as a mechanism to recover common line revenues not otherwise recoverable through the end user common line (EUCL) charge. No subscriber lines are exempted from the rule's application. Moreover, with few exceptions, the Commission requires PICC and EUCL charges to be assessed "on the same basis."[3] Given the broad reach of Section 69.153 and the longstanding application of EUCL charges to public payphone lines, there exists both ample authority and precedent for the like application of PICC charges to payphones.

* **Assuming that price cap LECs are permitted to assess PICC charges on public payphone lines, should the PICC be: (a) charged to the presubscribed 1+ carrier; (b) charged to the presubscribed 0+ carrier; (c) imputed to the LEC's payphone unit as an end user; (d) split evenly between the 1+ and 0+ PIC; or (e) prorated among all IXCs that carry calls originating from a particular payphone each month? Commenters may also propose other alternative methods for allocating the public payphone PICC.**

Section 69.153 is unambiguous in its requirement that the PICC charge be assessed to the presubscribed interexchange carrier of the line, or in the absence of a PICed carrier, to the end user. The selection of multiple PICs for one line is not required, or even contemplated, by the rules and orders of the Commission which govern presubscription.[4] Consequently, only one interexchange carrier may be selected by the end user as the PIC for each common line. In the

3 In the Matter of Access Charge Reform, CC Docket No. 96-262, FCC 97-368, *Second Order on Reconsideration and Memorandum Opinion and Order*, released October 9, 1997, para. 23.

4 Any requirement for multiple PIC selection would have to be established through a public rulemaking proceeding whereby all parties are afforded adequate notice and opportunity for comment. Further, such a dramatic change in current practice could be adopted only after a comprehensive examination of all issues related to multiple PIC selection, to include matters of technical feasibility and cost recovery.

case of public payphone lines, BellSouth applies the charge to the PICed carrier of the line. Absent such a carrier, BellSouth applies the charge to the payphone provider.[5]

Contrary to the understanding of the OSP correspondents, payphone lines (whether LEC-provided or otherwise) do not present the option of a separate PIC selection for 1+ and 0+ traffic. The payphone provider designates a single PIC for the line.[6] If the interexchange carrier so selected is unwilling or unable to transport all traffic originating from the payphone station, it may contract with another provider to handle certain call types or it may allow these calls to "default" to another carrier. In either event, the second carrier does not occupy the status of a PICed carrier to the payphone line.[7]

* **<u>Should all public payphones be charged the multiline business PICC, or should some public payphones, such as those that constitute the only telephone line at a given location, be charged the single-line business PICC?</u>**

When a payphone service provider subscribes to a payphone line within a state, the multiline business PICC rate should be applied to each payphone line of such provider. This approach is consistent with the treatment of EUCL charges assessed to business lines and reflects

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5 *See* BellSouth Telecommunications, Inc. Tariff F.C.C. No. 1, Section 3.8.6.

6 It should, however, be noted that in the case of LEC payphones, the right of PIC selection belongs in the first instance to the location provider.

7 The use of a second carrier is most often seen with "smart line" arrangements, where the intelligence resides in the network rather than in the terminal equipment. Only a few IXCs possess the technical capability of handling "sent paid" (*i.e.*, 1+ traffic) originating from these payphones, necessitating an independent contractual arrangement between such a provider and the payphone's PICed carrier. Originally, most BellSouth payphones were "smart line"; however, BellSouth Public Communications, Inc. (BellSouth's payphone subsidiary) has, since its formation, effected a transition to the use of terminal equipment containing the intelligence previously embodied in the network switch ("smart sets"). Currently, the overwhelming majority of BellSouth payphones are of this type.

the Commission's previous action upholding application of the multiline EUCL rate to payphones.[8]

* **<u>Do policy reasons, practical considerations, or other factors suggest that price cap LECs should be permitted to assess PICCs on the LEC's public payphone lines that are different in amount, or collected from a different party, from those assessed on privately-owned payphones?</u>**

PICC charges, like EUCL charges, should be uniformly applied to all pay stations, without regard to whether they are LEC-owned or otherwise.

* **<u>To what degree could imposition of PICC charges on any of the parties listed in Question (3), above, cause reductions in the availability of public payphone services, increases in rates, or reduction in competition for interstate, interLATA traffic originating from public payphones?</u>**

PICC charges are one element of a comprehensive plan to eliminate implicit subsidies from the access charge rate structure and introduce a recovery mechanism consistent with the principles of cost causation. Those parties who challenge the present application of the PICC to payphone lines (and who, in most instances, are not the entity responsible for payment of the charge) offer no compelling argument for exempting this segment of business service from a charge which is otherwise universally applicable. Moreover, the Commission's requirement of gradual rate increases, accompanied by corresponding reductions in the level of the carrier

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8 *See* In the Matter of Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, CC Docket No. 96-128, FCC 96-388, *Report and Order*, released September 20, 1996, para. 187. Application of the multiline EUCL rate to payphones is implemented at BellSouth Tariff F.C.C. No. 1, Section 4.6(F).

common line (CCL) charge, allows adequate time for accommodation of the PICC in IXC business plans without market disruption or undue economic hardship.[9]

CONCLUSION

BellSouth supports the recovery of PICC charges from the IXC selected as the PICed carrier of the payphone line. Absent such a selection, PICC charges should be recovered from the payphone provider. This recovery method should be uniformly applied to all pay stations, whether LEC-owned or otherwise. There is no compelling reason to exempt payphones from application of the PICC, and the Commission's plan for a graduated introduction of the charge offers sufficient protection against anti-competitive effects in the market or a reduction in payphone availability.

Respectfully submitted,

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9 *See* 47 C.F.R. Section 69.153, which generally provides for increases to the multiline business PICC rate consisting of an inflation factor plus $1.50 and commencing on January 1, 1999.

CERTIFICATE OF SERVICE

I do hereby certify that I have this 26th day of May 1998 served the following parties to this action with a copy of the foregoing COMMENTS by placing a true and correct copy of the same in the United States Mail, postage prepaid, addressed to the parties listed below.

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